

## FY2019 Semi-Annual Consolidated Financial Results (December 1, 2018 - May 31, 2019)

Company name : **OSG Corporation**  
 Shares Listed : 1st section of Tokyo and Nagoya Stock Exchanges  
 Code Number : 6136  
 Location of the head office : Aichi Prefecture  
 Representative: : Norio Ishikawa, President  
 Contact person: : Hideyuki Ohashi, Executive Officer  
 TEL: 81-533-82-1113 URL [https://www.osg.co.jp/en/about\\_us/ir/](https://www.osg.co.jp/en/about_us/ir/)

### 1. Consolidated Results for FY2019 Semi-Annual (December 1, 2018 - May 31, 2019)

(1) Consolidated financial results (Amounts less than one million yen are omitted)

	Net Sales		Operating income		Ordinary income		Net income attributable to OSG Corporation	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2019 semi-annual	65,620	1.9	11,638	3.7	12,098	9.2	7,974	14.2
FY2018 semi-annual	64,424	9.5	11,221	23.0	11,078	20.6	6,985	12.1

(Note) Comprehensive income FY2019 semi-annual : 3,443 million yen (-30.2%)  
 FY2018 semi-annual : 4,932 million yen (-37.7%)

	Net income per share	Diluted net income per share
	Yen	Yen
FY2019 semi-annual	81.39	80.45
FY2018 semi-annual	71.55	70.48

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
FY2019 semi-annual	184,960	138,896	68.8
FY2018	177,834	138,354	70.5

(Reference) Equity FY2019 semi-annual: 127,326 million yen FY2018: 125,332 million yen

(Note) The Company has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No.28 February 16, 2018) and relevant Guidances effective from the beginning of the first quarter of the fiscal year ending November 30, 2019. Accordingly, consolidated statements in financial position for the fiscal year ended November 30, 2018, reflect the retroactive application of this standard.

### 2. Dividends

	Dividends per share		
	End of Q2	Year-end	Annual
	Yen	Yen	Yen
FY2018	22.00	25.00	47.00
FY2019	23.00		
FY2019 forecast		24.00	47.00

### 3. Forecast of Consolidated Results for FY2019 (December 1, 2018 - November 30, 2019)

	Net sales		Operating income		Ordinary income		Net income attributable to OSG Corporation		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Annual	137,000	4.3	24,000	6.6	24,000	6.3	15,300	4.0	156.15

#### 4. Others

- (1) Changes in significant subsidiaries during the current period  
(Changes in specified subsidiaries that caused a change in the scope of consolidation) : None
- (2) Adoption of accounting method specific to the preparation of consolidated quarterly financial statements: Yes
- (3) Changes in accounting principles and accounting estimates and retrospective restatement
- |                                                                                |      |
|--------------------------------------------------------------------------------|------|
| (i) Changes in accounting principles due to amendment to accounting standards: | Yes  |
| (ii) Changes other than (3)-(i) above:                                         | None |
| (iii) Changes in accounting estimates:                                         | None |
| (iv) Retrospective restatement:                                                | None |
- (4) Number of shares issued and outstanding (common stock)
- (i) Number of shares issued and outstanding at the end of each period (including treasury stock):
- |                     |                   |
|---------------------|-------------------|
| FY2019 semi-annual: | 98,061,519 shares |
| FY2018:             | 98,061,519 shares |
- (ii) Number of treasury stock at the end of each period:
- |                     |               |
|---------------------|---------------|
| FY2019 semi-annual: | 58,351 shares |
| FY2018:             | 91,331 shares |
- (iii) Average number of shares outstanding in each period:
- |                     |                   |
|---------------------|-------------------|
| FY2019 semi-annual: | 97,984,408 shares |
| FY2018 semi-annual: | 97,639,081 shares |

[Note regarding forecast]

The above forecasts for financial results are based on information available at the time this report was released. These forecasts and other forward-looking statements are not guarantees of future performance. Actual operating results may differ from the above forecasts due to known and unknown risks, uncertainties, and other factors.

Consolidated Summary Balance Sheet  
OSG Corporation

Assets	(Million yen : amounts less than one million yen are omitted)		
	FY2018 As of Nov. 30, 2018	FY2019 semi-annual As of May 31, 2019	Change
<b>Current Assets</b>			
Cash and time deposits	24,406	29,498	
Notes and accounts receivable	25,128	23,728	
Marketable securities	0	0	
Merchandise and finished goods	24,237	26,161	
Work in process	7,443	6,814	
Raw materials and supplies	7,121	7,575	
Other	2,781	3,243	
Allowance for doubtful accounts	(198)	(186)	
<b>Total current assets</b>	<b>90,920</b>	<b>96,835</b>	<b>5,914</b>
<b>Fixed Assets</b>			
<b>Tangible Assets</b>			
Building and structures	19,871	18,915	
Machinery and equipment	32,269	32,946	
Land	15,172	14,778	
Other	4,913	7,170	
<b>Total tangible assets</b>	<b>72,226</b>	<b>73,810</b>	<b>1,583</b>
<b>Intangible Assets</b>			
Goodwill	3,367	3,883	
Other	633	1,146	
<b>Total intangible assets</b>	<b>4,000</b>	<b>5,030</b>	<b>1,029</b>
<b>Investments and Other Assets</b>			
Investment securities	4,610	4,329	
Other	6,457	5,323	
Allowance for doubtful accounts	(381)	(368)	
<b>Total investments and other assets</b>	<b>10,686</b>	<b>9,284</b>	<b>(1,402)</b>
<b>Total fixed assets</b>	<b>86,914</b>	<b>88,125</b>	<b>1,210</b>
<b>Total</b>	<b>177,834</b>	<b>184,960</b>	<b>7,125</b>

Consolidated Summary Balance Sheet  
OSG Corporation

Liabilities and Net Assets

(Million yen : amounts less than one million yen are omitted)

	FY2018 As of Nov. 30, 2018	FY2019 semi-annual As of May 31, 2019	Change
<b>Current Liabilities</b>			
Notes and accounts payable	6,067	6,041	
Short-term loans payable	2,282	1,277	
Current portion of long-term loans payable	1,175	523	
Income taxes payable	2,732	2,860	
Reserve for employees' bonuses	537	402	
Reserve for directors' bonuses	390	181	
Other	11,016	9,648	
<b>Total current liabilities</b>	<b>24,202</b>	<b>20,936</b>	<b>(3,266)</b>
<b>Long-term Liabilities</b>			
Bonds	-	5,000	
Convertible bonds	1,860	1,860	
Long-term borrowings	10,294	15,178	
Retirement allowance for directors and corporate auditors	27	-	
Liabilities for employees' retirement benefits	511	543	
Other	2,582	2,545	
<b>Total long-term liabilities</b>	<b>15,277</b>	<b>25,128</b>	<b>9,850</b>
<b>Total liabilities</b>	<b>39,480</b>	<b>46,064</b>	<b>6,584</b>
<b>Shareholders' Equity</b>			
Common stock	12,124	12,124	
Capital surplus	13,662	13,604	
Retained earnings	100,260	106,036	
Treasury stock	(161)	(100)	
<b>Total shareholders' equity</b>	<b>125,886</b>	<b>131,664</b>	<b>5,778</b>
<b>Accumulated other comprehensive income</b>			
Unrealized gain on available-for-sale securities	1,608	1,411	
Deferred loss on derivatives under hedge accounting	-	2	
Foreign currency translation adjustments	(2,161)	(5,752)	
<b>Total accumulated other comprehensive income</b>	<b>(553)</b>	<b>(4,338)</b>	<b>(3,784)</b>
Subscription rights to shares	13	13	-
Noncontrolling interests	13,008	11,556	(1,451)
<b>Total net assets</b>	<b>138,354</b>	<b>138,896</b>	<b>541</b>
<b>Total liabilities and net assets</b>	<b>177,834</b>	<b>184,960</b>	<b>7,125</b>

Consolidated Summary Statement of Income  
OSG Corporation

(Million yen : amounts less than one million yen are omitted)

	FY2018 semi-annual (2017/12/1 - 2018/5/31)	FY2019 semi-annual (2018/12/1 - 2019/5/31)	Change
Net Sales	64,424	65,620	1,195
Cost of Sales	36,495	36,980	484
Gross profit	27,928	28,640	711
Selling, general and administrative expenses	16,706	17,001	294
Operating income	11,221	11,638	417
Other Income			
Interest income	92	118	
Dividend income	48	37	
Reversal of provision for loss on litigation	-	373	
Other	515	746	
Total other income	656	1,275	618
Other Expenses			
Interest expense	61	98	
Sales discounts	398	412	
Foreign exchange loss	224	128	
Other	115	176	
Total other expenses	800	815	15
Ordinary income	11,078	12,098	1,020
Income before income taxes	11,078	12,098	1,020
Income taxes			
Current	3,584	3,645	
Deferred	(18)	63	
Total income taxes	3,565	3,709	143
Net income	7,512	8,389	877
Net income attributable to noncontrolling interests	526	414	(111)
Net income attributable to OSG Corporation	6,985	7,974	988

Consolidated Statement of Comprehensive Income  
OSG Corporation

(Million yen : amounts less than one million yen are omitted)

	FY2018 semi-annual (2017/12/1 - 2018/5/31)	FY2019 semi-annual (2018/12/1 - 2019/5/31)	Change
Net Income	7,512	8,389	877
Other Comprehensive Income			
Unrealized gain (loss) on available-for-sale securities	(277)	(198)	
Deferred gain on derivatives under hedge accounting	0	2	
Foreign currency translation adjustments	(2,304)	(4,750)	
Share of other comprehensive income in associates	1	0	
Total other comprehensive income	(2,580)	(4,945)	(2,365)
Comprehensive Income	4,932	3,443	(1,488)
(Breakdown)			
Comprehensive Income attributable to OSG Corporation	4,702	4,087	
Comprehensive Income attributable to noncontrolling interests	229	(643)	

Consolidated Summary Statement of Cash Flows  
OSG Corporation

(Million yen : amounts less than one million yen are omitted)

	FY2018 semi-annual (2017/12/1 - 2018/5/31)	FY2019 semi-annual (2018/12/1 - 2019/5/31)
<b>Operating Activities:</b>		
Income before income taxes	11,078	12,098
Depreciation and amortization	4,397	4,614
Amortization of goodwill	245	268
Interest and dividend income	(140)	(155)
Interest expense	61	98
Equity in loss (earnings) of an associated company	24	(9)
Change in notes and accounts receivable	(634)	553
Change in inventories	(1,627)	(3,029)
Change in notes and accounts payable	758	452
Change in accrued expenses	16	(325)
Other - net	(728)	(967)
Sub-total	13,451	13,597
Interest and dividend income received	148	166
Interest expense paid	(58)	(134)
Income taxes - paid	(4,044)	(3,629)
Net cash provided by operating activities	9,495	10,001
<b>Investing Activities:</b>		
Payments for time deposits	(1,571)	(1,614)
Proceeds from refund of time deposits	1,045	1,941
Acquisitions of property, plant and equipment	(4,580)	(8,670)
Proceeds from sales of property, plant and equipment	65	159
Purchases of investment securities	(236)	(231)
Payment for purchase of subsidiaries' stock	(532)	(441)
Other - net	(116)	(243)
Net cash used in investing activities	(5,927)	(9,100)
<b>Financing Activities:</b>		
Change in short-term borrowings - net	(650)	(921)
Proceeds from long-term borrowings	382	5,026
Repayments of long-term borrowings	(245)	(935)
Proceeds from issuance of bonds	-	5,000
Payment for purchase of subsidiaries' stock resulting in no change in scope of consolidation	(26)	(682)
Purchase of treasury stock	(1)	(2)
Dividends paid	(2,427)	(2,453)
Dividends paid to noncontrolling interests	(220)	(222)
Other - net	-	(30)
Net cash (used in) provided by financing activities	(3,190)	4,777
Effect of exchange rate change on cash and cash equivalents	(391)	(600)
Net increase (decrease) in cash and cash equivalents	(13)	5,077
Cash and cash equivalents at beginning of year	19,598	21,545
Cash and cash equivalents from newly consolidated subsidiaries	229	437
Cash and cash equivalents at end of period	19,814	27,059

## Operations by Geographical Segment

Results for FY2019 semi-annual (Dec. 1, 2018 through May 31, 2019)

Million yen

	Japan	The Americas	Europe/ Africa	Asia	Total	Eliminations	Consolidated
Sales to customers	28,447	11,621	10,898	14,653	65,620	-	65,620
Interarea transfers	10,836	229	73	1,807	12,947	(12,947)	-
Total sales	39,283	11,851	10,972	16,460	78,567	(12,947)	65,620
Operating income	6,927	1,578	800	2,402	11,708	(69)	11,638

(Reference)

Results for FY2018 semi-annual (Dec. 1, 2017 through May 31, 2018)

Million yen

	Japan	The Americas	Europe/ Africa	Asia	Total	Eliminations	Consolidated
Sales to customers	26,660	10,948	11,050	15,765	64,424	-	64,424
Interarea transfers	9,992	182	107	1,401	11,682	(11,682)	-
Total sales	36,652	11,130	11,157	17,167	76,107	(11,682)	64,424
Operating income	5,278	1,691	945	3,237	11,153	68	11,221

## Net sales by Product Segment

Million yen

	FY2018 semi-annual (2017/12/1 - 2018/5/31)	FY2019 semi-annual (2018/12/1 - 2019/5/31)
Cutting tools:		
Taps	20,520	20,612
End mills	13,822	13,928
Drills and other cutting tools	17,959	18,826
Total	52,302	53,367
Rolling dies	5,288	5,132
Gauges	839	969
Other	5,994	6,149
Total	64,424	65,620